BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of:	
Numbering Resource Optimization	CC Docket No.: 99-200

REPLY COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THE PEOPLE OF THE STATE OF CALIFORNIA ON ITS PETITION FOR WAIVER OF THE FEDERAL COMMUNICATION COMMISSION'S CONTAMINATION THRESHOLD RULE

I. INTRODUCTION

The California Public Utilities Commission and the People of the State of California (CPUC or California) submit these Reply Comments to the Federal Communications Commission (FCC or Commission) on our Petition for Waiver of the Commission's Contamination Threshold Rule, filed September 5, 2002. On October 24, 2002, the Commission released a Public Notice (DA 02-2822) seeking comments on the Petition. In accordance with the Public Notice, CPUC herein responds to a number of issues raised by the wireless, telecommunications associations/organizations and local exchange carriers in their Comments.

We urge the FCC to grant the CPUC the requested waiver to increase the contamination threshold of blocks donated to thousands-blocks number pools from 10 percent to 25 percent. As stated in our Petition, CPUC strongly believes that increasing the contamination threshold would prolong the life of a number of

NPAs and allow us to utilize more efficiently the available numbering resources in California.[1]

II. DISCUSSION

A. Increasing the Contamination Threshold Would Produce Substantial Benefits for California.

Many commenters oppose the CPUC's request for an increase in the pooling contamination level from 10 percent to 25 percent on the grounds that the costs outweigh the benefits.[2] The CPUC disagrees. First, the commenters fail to state with specificity the costs they would incur if the contamination level is increased. Nor have they provided any cost information to support their assertion. Second, although some implementation costs will be incurred if the contamination threshold is raised from 10 percent to 25 percent, the CPUC does not believe the costs would be so significant as to outweigh the benefits. Earlier this year, the FCC awarded SBC Communications more than $80 million to implement Local Number Portability (LNP) nationwide. The CPUC understands that approximately $14 million of that amount was earmarked for California LNP-related costs. We cannot imagine that the costs to the industry of increasing the contamination threshold from 10 percent to 25 percent would equal or exceed the costs of deploying LNP either nationwide or in California.

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1 Petition of the California Public Utilities Commission and the People of the State of California for Waiver of the Federal Communication Commission's Contamination Threshold Rule, filed September 5, 2002.

2 Sprint Corporation (Sprint) Comments, pp. 2, 9-10; Cellular Telecommunications and Internet Association (CTIA) Comments, pp. 3-4; Bell South Corporation (Bell South) Comments, p. 10; SBC Communications, Inc. (SBC) Comments, pp. 6-7

On the other hand, it is clear that raising the contamination rate from 10 percent to 25 percent would result in substantial benefits for California. As stated in our Petition, a study conducted by the CPUC staff showed that almost 7,000 additional thousands-blocks would become eligible for donation to the pools if CPUC could retrieve blocks that are contaminated between 10 percent and 25 percent held by pooling carriers in California.[3] Cingular Wireless, Inc. argues that this estimate is overstated because it does not take into account numbers that carriers are entitled to keep in their six-month inventories.[4] Since the filing of the Petition, however, CPUC staff members participated in the efforts of an Issue Management Group (IMG) of the North American Numbering Council (NANC) charged with advising the FCC on the feasibility of raising the contamination threshold as the CPUC has requested. One of the issues the IMG considered was the very question of how many of the 7,000 blocks identified in the CPUC's Petition are held in carrier's six-month inventories. More than once, CPUC staff participants in the IMG requested that the industry participants provide the CPUC with data showing whether their six-month inventories included any 0 percent to 25 percent contaminated blocks. None of the industry IMG participants volunteered to provide the requested data. Consequently, CPUC staff conducted a study of NRUF data for carriers in 15 NPAs in California. The results of that study, included in the IMG Report to the NANC, found that none of the 0 percent

3 CPUC Petition, p. 5.
4 Cingular Comments, pp. 5-6

to 25 percent contaminated blocks were in carriers' six-month inventories.[5] Thus, while the carriers are making this claim, they have no data to support their assertion, whereas the CPUC has performed a study showing that the assertion is without merit. The only data before the FCC on this point is the data the CPUC has developed, and included in the IMG Report as well as here.

In addition, the NANC Report to the FCC contained Analysis B, prepared by the CPUC, which concluded that increasing the contamination threshold from 10 percent to 25 percent would extend the lives of each NPA in California.[6] Specifically, Analysis B and its findings and conclusions in the IMG Report show that the lives of four NPAs would be extended by more than one year and the lives of one NPA would be extended by almost two and half years.[7] The IMG Report noting that the "code supply and demand is a dynamic process," also states that the lives of NPAs in California could in fact be extended even further than concluded in the report's quantitative process because carriers return codes, business plans change, forecasts are readjusted continuously, and new technologies are introduced.[8] Moreover, as the IMG Report and CPUC study demonstrate, raising the contamination level would produce substantial benefits for California by increasing the number of thousands-blocks that are eligible for donation to the

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5 See "Report on the Technical Viability of Increasing the Pooling Contamination Threshold", Prepared for the NANC by the Contamination Levels Issue Management Group, December 6, 2002, § 7, p. 8.
6 IMG Report, p. 17.
7 Id.
8 Id. at p. 8.

number pools, and by dramatically slowing the pace at which numbering resources in California are currently being depleted.

Finally, we must note that the IMG Report contains two analyses: Analysis A and Analysis B. An industry representative prepared Analysis A, and other industry participants in the IMG supported both its methodology and conclusions. The CPUC, however, recognized immediately that Analysis A was deficient in that it assumed each NPA was at exhaust already, i.e., that no California NPA had any remaining NXX codes to be assigned to carriers. Analysis A, thus, did not reflect reality, as every NPA in California has remaining NXX codes to be assigned. Consequently, the CPUC prepared a separate analysis, included in the IMG Report as Analysis B, which employed a more detailed and comprehensive approach. Analysis B reviewed each California NPA, rate center by rate center, and assigned donated blocks and remaining NXX codes by relying on industry forecasts as provided to the pooling administrator. When the number of donated blocks dropped below the annual forecast amount, the analysis assigned NXX codes on a monthly basis until all codes were assigned. In this manner, the CPUC calculated the remaining lives of each California NPA. The CPUC urges the FCC to recognize that Analysis B in the IMG Report is more detailed and more reliable than Analysis A.

B. It is Technically Feasible to Increase the Contamination Threshold from 10 Percent to 25 Percent.

Some commenters argue that raising the contamination threshold will result in significant operational and technical challenges for the industry.[9] The IMG Report identified the technical and operational changes that would need to be made, but found no technical reason that the contamination threshold could not be raised.[10] For example, according to the IMG Report, Neustar reported that there would be no impact on either Pooling Administration System (PAS) or the Code Administration System (CAS) that would require change orders or additional costs.[11] The IMG also determined that the technical difficulties of raising the contamination level from 10 percent to 25 percent were more carrier-specific than industry wide. Thus, the process of raising the contamination threshold may be challenging; nonetheless, it plainly can be done with existing technology.

C. The FCC Should Grant States Some Flexibility to Meet Their Individual Needs.

The CPUC does not oppose the FCC's contamination rule and fully supports the FCC's numbering goals. The CPUC, however, believes the FCC should grant us the flexibility to increase the contamination threshold in California because of our unique circumstances - - the severe shortage of available numbers and the ability to retrieve approximately 7,000 blocks of numbers if the threshold

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9 Bell South Comments, pp. 3-5; AT&T Corporation (AT&T) Comments. Pp. 2,6; Nextel Communications, Inc. (Nextel) Comments, pp. 9-10
10 IMG Report, pp. 5-6.
11 IMG Report, p. 9

is raised. As the Michigan Public Service Commission (MPSC) notes in its Comments, "the FCC recognized that state commissions may be able to resolve certain issues more quickly and decisively than the industry through a consensus process."[12] MPSC also comments that states continue to be a proving ground for number conservation efforts.[13]

The MPSC further comments that many states began pooling trials even before the FCC issued its national pooling guidelines. The FCC granted states, including Michigan and California, delegated authority to conduct pooling trials before the guidelines were established because it recognized that states were in a better position to know and to be able to quickly respond to their immediate needs. The FCC should again, as it has done with pooling trials, grant California the flexibility to increase the contamination threshold so that it can maximize the amount of available numbering resources in areas where number pooling has been implemented.

SBC Communications, Inc. argues that the CPUC is merely reasserting its argument that it made before to the FCC -- that the FCC considered and rejected the 25 percent contamination threshold argument.[14] CPUC does not deny that it has made this argument before. However, that argument was made almost three years ago when the FCC initially sought comments on whether to set a threshold level, and if so, what level should be set for pooling contamination. At that time,

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[12] Michigan Public Service Commission Comments, p. 3
[13] Id.

no state had experience with pooling and employing any contamination threshold. Now, we have substantial experience in pooling, and based on that experience, as well as the unique circumstances in California, the CPUC requests authority to increase the contamination level in California.

D. The CPUC Plans to Work Closely With the Industry To Implement the Change.

Cingular Wireless also asserts that wireless carriers need time to stabilize their systems because they just started pooling.[15] The CPUC understands these concerns and plans to work closely with the industry to craft an implementation plan and timetable, if granted authority to increase the contamination threshold.

III. CONCLUSION

For all of the foregoing reasons, CPUC urges the Commission to grant its requested waiver to increase the contamination threshold from 10 percent to 25

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14 SBC Comments, pp. 1-2
15 Cingular Comments, pp. 8-9.

percent. By increasing the contamination threshold, we will be able to retrieve an additional 7,000 blocks of numbers from carriers for donation to the number pools and thereby defer the need to implement new area codes in California.

Respectfully submitted,
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ATTACHMENT

During its participation in the NANC IMG, the CPUC tested one company in one rate center for each of 15 NPAs. Since the IMG Report was submitted to the NANC, and in preparation for filing reply comments on the CPUC's petition, the CPUC tested an additional company in each of the same 15 rate centers. Consequently, the study now includes two companies in one rate center for each of 15 NPAs. The CPUC totaled the sum of assigned numbers as reported by the companies for the NRUF as of June 30, 2001 and June 30, 2002. Taking the difference between the two reported assigned numbers data on the two dates, the CPUC determined the actual 12-month usage. As a proxy for six-month usage, the CPUC divided the actual 12-month usage by 2. The CPUC then sorted the company's block holding by contamination level going from 100% to 0% contaminated. Taking a running balance of available numbers, the CPUC determined that in 28 out of the 30 cases,[1] companies in the sample could have met their six-month demand in the given rate centers without dipping into their 0% to 25% contaminated blocks. In fact, in nine cases, the companies involved could have met their six-month demand by taking numbers only from blocks that were 90 percent or more contaminated. In another nine cases, there was actually a decrease in assigned numbers between June 30, 2001 and June 30, 2002. The actual study results are not included here, because they include carrier-specific data, which is proprietary and cannot be publicly disclosed.

[1] In one case where the company had to dip into its 25% or less contaminated block, the company had only used one block out of its 10 blocks. The other nine blocks were 0% contaminated. The one block used was only contaminated up to 12%; therefore the company would use its 12% contaminated block to meet its 6-month inventory. In the other case, the company had 20 blocks on 6/01. By 6/02, the company had 30 blocks with the original 20 blocks at 99%+ contaminated; therefore, the company would have to dip into its unopened blocks (0% contaminated) to meet its 6-month inventory.